

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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**SECRET**  
SECURITY INFORMATION

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**COUNTRY** Hungary  
**SUBJECT** Hungarian Trade with the West and the Satellites  
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REQUIREMENT

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"Nikex" is the Hungarian Government trade agency which has monopoly on all export and import trade for heavy industry both with the West and with Iron Curtain countries. Its central offices are located in Mador utca and Dorotya utca, Budapest. Nikex has representatives in every Satellite country and in some Western countries with which Hungary trades. in trade Hungary must pay 40 percent of the total purchasing price in advance, before the delivery of the goods. That stipulation was made to off-set the loss arising from a possible change of mind on the part of Hungary after the order had been placed and the factories had already begun production. The rest of the contracted amount was to be paid through an irrevocable letter of credit (accreditiv) drawn on an authorized bank. Trade between Satellite countries is done on a barter basis. In the trade pact between Czechoslovakia and Hungary which was concluded in November 1951, and which involved the aluminum industry, Hungary was given a credit of 40 million dollars, at 1 1/2 percent interest until 1956. Under this pact, Czechoslovakia will deliver food products and bauxite to Czechoslovakia in the amount contracted. All accounts among the Satellites have been in rubles since June 1951.

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There is technical cooperation between Czechoslovakia and Hungary. In 1951, about 20 Czechoslovak engineers came to Hungary to study the aluminum industry and individual factories. Czechoslovakia was planning at that time to build a large factory for the

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production of anodic paste from coal tar. The factory was to be built in Ostrava in 1952. The Czechoslovaks also planned to build a factory for the production of artificial cryolite in Usti nad Labem 5040N-1402E. Its capacity was to be sufficient for the needs of Hungary, Czechoslovakia, and Poland.

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2.

the embargo has backfired in the following instance: Natural cryolite, as it is known, is found on Greenland. Before the embargo, Hungary used to obtain cryolite from Greenland through Danish commercial channels. The embargo on cryolite came too soon, because it forced the Czechs and the Hungarians to solve the problem by producing artificial cryolite in 1950.

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3.

Hungary is not dependent on Rumanian oil, but it does import by-products of crude oil.

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There is apparently no trade between Yugoslavia and the Satellites

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If there is such a control it could be at the highest level, through the Politburo.

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7.

Exterbank

exists

and functions as the Hungarian National Bank. The president of the Hungarian National Bank (Magyar Nemzeti Bank) is Zoltan Jeszensky, who was also a banker under the old Regime. There are two Soviet banks in Budapest on Andrassy ut. These are guarded by armed Soviet soldiers.

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8. [redacted] Hungarian - Communist China trade relations, particularly with reference to Hungary acting as an agent for China in negotiations with Western European banks and firms for obtaining strategic materials. [redacted] 25X1

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[redacted] In November 1951, a Chinese trade delegation consisting of about 20 persons came to Budapest to negotiate an economic pact with Hungary. Up to that time, Hungary had had no trade pact with China. [redacted] 25X1

[redacted] The Planning Office (Terv Hivatal) agreed to this. China has bauxite and was to export rare minerals tungsten, nickel and molybdenum. Hungary was to export machines, mostly lathes and trucks. The commercial pact was to be signed in 1952. [redacted] 25X1

[redacted] Czechoslovakia had most extensive trade connections with China. Czechoslovakia was especially interested in raw materials. [redacted] 25X1

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[redacted] all Satellite countries are very much more interested in developing trade with each other than with the USSR. That is because in dealings with USSR they always lose. [redacted]

[redacted] if any Satellite acts as go-between, it is probably Czechoslovakia. [redacted] 25X1

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9. [redacted] 25X1
- [redacted] Till the end of 1951, there was no trade agreement between China and Hungary. [redacted] 25X1

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10. [redacted] 25X1
- [redacted] Chemolimpex tries to import all kinds of drugs and chemicals, among them antibiotics, since there is a great shortage of penicillin and streptomycin in Hungary. A pharmaceutical factory (Gyogyszer gyar) was started in 1952 in Debrecen. It was to produce penicillin. [redacted] 25X1

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11. [redacted] 25X1

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